Annexure No. 1

[*Vide* No. 11 Starred question answered on 16th July, 2002]

RECOMMENDATIONS OF THE DISINVESTMENT COMMISSION AND THE ACTION TAKEN BY THE GOVERNMENT

(AS ON 12-7-2002)

S.No.	Recommendations	Government Action
1.	**Modern Food Industries India Ltd. (MFIL)**—Sale of entire Govt. shareholding on an as-is-where basis.	74% Govt. shareholding in MFIL has been sold to a strategic partner in January, 2000.
2.	**Gas Authority of India Ltd. (GAIL)**—25% disinvestment through GDR Autonomy under Strong Performer Criterion. Implement TL Sankar Committee Recommendations.	Disinvestment in domestic and GDR markets completed during 1999.
3.	**India Tourism Development Corpn. (ITDC)**—Handing over the hotels located in prime locations to established hotel chains to run on long-term structured contract on lease cum management basis. The hotels in other locations may be demerged into separate companies and Govt. to sell 100% of its in those new companies.	Govt. has accepted the recommendations of the Disinvestment Commission. Process of disinvestment completed in 11 hotels, finalised in 7 hotels and is in progress in remaining hotels.
4.	**Bharat Aluminium Co. Ltd. (BALCO)**—Immediate disinvestment of 40% of the equity to a strategic partner with an agreement to dilute Govt. holding to 26% through public issues within 2 years. The Govt. disinvest its balance holding of 26% in full at an appropriate time in future.	Disinvestment has been completed 51% equity disinvested in favour of the strategic partner, at a price of Rs. 551.50 crore.
5.	**Bongaigaon Refineries and Chemicals Ltd. (BRPL)**—Strategic sale of 50% of Govt. holding with an agreement to further dilute to 26% or below through public offer at a latter date.	Entire Government held equity in BRPL has been sold to Indian Oil Corporation (IOC), at a price of Rs. 658 crore.
6.	**HTL Ltd. (HTL)**—3 options for disinvestment • Sale of 100% shares in HTL along with ITI in the process of Strategic sale. • 50% of shares of HTL may be offered to a strategic partner through a global competitive bidding. • If none of the above option is feasible, straight sale of assets of the company through competitive bidding.	74% equity in HTL disinvested in favour of a strategic partner at a price of Rs. 55 crore.
7.	**ITI Ltd. (ITI)**—Immediate reduction of manpower through VRS and having off the Defence Division in Bangalore and merge with Bharat Electronics Limited followed by Strategic sale of 50% of the shares with an agreement to reduce the Govt. holding to 26% through public offer to Indian institutions, small investors and employees late.	Decision deferred.

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8.	**Madras Fertilizers Ltd. (MFL)**—Recommended to initiate negotiations with National Iranian Oil Company to change the term of agreement which would permit sale of 50% of the shares in the company to a strategic partner.	Govt. has approved disinvestment of 32.74% equity held by it in favour of a strategic partner, thereby reducing Govt. stake to 26%. National Iranian Oil Company is yet to agree to Tag along in the disinvestment process.
9.	**Manganese Ore India Ltd. (MOIL)**—A minimum of 51% equity, be disinvested in favour of a strategic buyer.	Government has decided for disinvestment of 51 % equity in MOIL in favour of a strategic partner.
10.	**Container Corporation of India Ltd. (CONCOR)**—10 million shares offer to institutional investors and public and at a later stage the company could go in for fresh issue of 12.5 million shares thereby reducing the Government's share to 51%.	9 million shares disinvested in favour of institutional investors.
11.	**Kudremukh Iron Ore Company Ltd. (KIOCL)**—Strategic sale of 30% and induction of the strategic partner in the management. There should be an agreement with the strategic partner for further dilution of Govt. equity to strategic partner and public offering within 2 years.	Govt. has decided for disinvestment of 30% equity held by it in KIOCL. Matter of renewal of the lease has been taken up with the State Government.
12.	**Mahanagar Telephone Nigam Ltd. (MTNL)**—60 millions shares in GDR market and 28.3 millions shares in domestic market through book building. Financially restructure-by formation of a company for raising funds for DoT. Grant Autonomy under Strong Performer Criteria.	One GDR offering completed in 1997. Domestic issue (28.3 million shares) not yet implemented because of market conditions.
13.	**Oil India Limited (OIL)**—Disinvestment and Company's prospects are clearly established through the outcome of exploration activities in the North Bramhaputra area and Government's policy on APM.	Government has decided that there is no need for disinvestment in Oil India Ltd.
14.	**Oil and Natural Gas Company Ltd. (ONGC)**—Disinvestment after the organizational changes are in position and Government's policy on APM. Disinvestment should be deferred until investor confidence in ONGC improves. Govt. and ONGC should take steps to improve investor perception. Thereafter disinvestment can take place in the foreign and domestic market up to 49% when market conditions are favourable.	It has been decided not to reduce Government equity below 51%.
15.	**Rail India Technical and Economic Services Ltd. (RITES)**—51% equity be given to employees and Government should retain 25% equity. Balance equity be disinvested in favour of infrastructure consultancy organisations.	No decision taken.

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16.	**Hindustan Copper Ltd. (HCL)**—Two options suggested: • HCL to implement the expansion programme and also restructure the ICC mining opeations by closing down mines through VRS. Afterwards, Govt. to divest 51% of its holding through a strategic sale. The balance 22% to be disinvested through offer of sale to domestic institutions, small investors and employees. • Immediately disinvest 51% through a strategic sale and after restructuring and expansion, disinvest balance 22% through offer of sale to domestic institutions, small investors and employees.	Government has decided to disinvest its entire equity holding in HCL in favour of a strategic partner.
17.	**Pawan Hans Helicopters Ltd. (PHHL)**— Recommends writing off the Westland loans together with interest. Offer the entire Govt. holding to ONGC. If ONGC not interested, sell the entire holding of Govt. to an investors.	Decision deferred.
18.	**Power Grid Corporation of India Ltd. (POWERGRID)**—Disinvestment only after electricity sector is fully restructured.	Disinvestment to be considered after the power sector restructuring is completed.
19.	**Shipping Corporation of India Ltd. (SCI)**—Govt. to disinvest 40% of its holding to oil refineries, (30% to public sector and 10% to private sector refineries). This can be followed by the company's own equity raising.	Government has decided for disintvestment of 51% equity in SCI.
20.	**Engineers India Ltd. (EIL)**—GOI to hold 26% for retaining the character as an Indian Consultancy Company in strategic area, GOI to disinvest 30% equity stake in the company along with appropriate role in management, 10% to public sector oil companies and other user PSUs, 24% through public offer to domestic investors after the strategic partner is inducted.	Govt. has decided to disinvest 26% equity in favour of strategic partner.
21.	**Engineers Projects (India) Ltd. (EPI)**—GOI firstly to try disinvestment of 74% of its holding as approved by Cabinet, in the absence of satisfactory response, closure and sale of asset.	Government has decided for disinvestment of upto 74% equity in favour of strategic partner.
22.	**Hindustan Prefab Ltd. (HPL)**—GOI to order 74% of its holding to strategic buyer.	Closure/Restructuring of company is under consideration of Department of Urban Affairs & Poverty Alleviation.
23.	**IBP Ltd. (IBP)**—GOI to hold 26% and offer up 33.9% of the company's equity out of GOI holding of 59% to strategic.	Government held equity in IBP has been reduced to 26% after IOC has purchased the stake offered.
24.	**National Thermal Power Corporation (NTPC)**—No disinvestment presently.	Decision deferred.

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25.	**NEPA Ltd. (NEPA)**—Immediate sale of 51% to a strategic partner which could go up to 100%.	Government has decided for disinvestment of 51% equity held by it.
26. & 27.	**Ranchi Ashok Bihar Hotel Corporation and Utkal Ashok Hotel Corporation Ltd.**—ITDC to disinvest 100% holding in favour of any private entrepreneur.	It has been decided that these joint venture cases will be taken up after some headway is made in respect of disinvestment in ITDC.
28.	**Electronics Trade and Technology Development (ET and T)**—ET&T to discontinue all its operations with immediate effect and sale of assets of the company.	Closures of the company complete by the Administrative Ministry.
29.	**Hindustan Vegetable Oils Corporation Ltd. (HVOC)**—Hiving off breakfast foods division and sell off 100%, close down the operations in Vanaspati and packaging of refined oil.	The Vanaspati Unit has been closed. The administrative Ministry processing other recommendations.
30.	**Hindustan Zinc Ltd. (HZL)**—25% equity to be offered to strategic partner with role in management.	26% equity disinvested in favour of strategic partner for Rs. 445 crore.
31.	**Hotel Corporation of India Ltd. (HCIL)**—The hotels at Mumbai and Delhi to be sold as separate units; Initiate dialogue with J&K Govt. for Centaur Srinagar and AI to decide about the flight catering services.	Disinvestment of 3 hotels completed.
32.	**National Hydrolectric Power Corporation Ltd. (NHPC)**—No disinvestment presently.	Decision deferred.
33.	**Pyrites Phosphates and Chemicals Ltd. (PPCL)**—Initiate action to Amjhore and Saladipura units to strategic buyers and close down Dehradun Operations.	No decision taken.
34.	**Rehabilitation Industries Corporation Ltd. (RICL)**—With immediate effect discontinue all the operations and sale of assets.	Government has decided for closure of RICL.
35.	**Fertilizer and Chemicals Travancore Ltd. (FACT)**—Offer a minimum of 51% equity buyer along with management control.	Government has decided for disinvestment of 51% equity in favour of strategic partner.
36.	**Hindustan Latex Ltd. (HLL)**—Offer a minimum of 51% equity to strategic buyer along with management control.	This has not been accepted.
37.	**Indian Petochemicals Corporation Ltd. (IPCL)**—Offer 25% equity to strategic buyer along with management control.	Disinvestment of 26% equity in favour of a strategic partner completed.
38.	**National Aluminium Co. Ltd. (NALCO)**—Offer of sale upto 30% equity to retail as well as institutional investors including a GDR issue of 15%	Government has decided for domestic issue of 10% equity, ADR issue of 20% equity and strategic sale of 29.15% equity after reserving 2% equity for employees.
39.	**National Fertilizers Ltd. (NFL)**—Offer a minimum of 51% equity to strategic buyer along with management control.	Govt. has decided for disinvestment of 51% equity held by it in NFL.
40.	**Neyveli Lignite Corporation Ltd. (NLC)**—	No decision taken.

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	In case there is no legal hurdle to a power manufacturing company from becoming a strategic partner in NLC, Government could consider selling up to 51% of its equity to a strategic partner after the bidders have been suitably prequalified. If there is a legal hurdle, then at least 49% of the equity could be disinvested in the first instance.	
41.	**Steel Authority of India Ltd. (SAIL)**—No disinvestment, presently. Government assistance in writing-off IISCO's losses and sale of IISCO. Conversion of SAIL's SDF dues into equity.	Restructuring is in process. SAIL is selling some units of the company.
42.	**Air India Ltd. (AI)**—Infusion of Rs. 1000 crore as equity, followed by strategic sale by issue of new shares reducing Govt. holding to 60%. Subsequently offer of sale of 20% to domestic investors.	Govt. has decided to bring down the equity held by it in Air India to 40% through a process of disinvestment by sale of 40% of equity to a strategic partner, upto 10% to employees and balance by sale to the financial institutions and/or in the share market. In the event of the strategic partner being a joint venture with an element of foreign holding, the arrangement should be such as would limit foreign holding in Air India to 26% of the total equity. Attempt to locate a strategic partner has not succeeded yet.
43.	**Central Electronics Ltd. (CEL)**—Priority to CEL performance improvement. One year to reduce manpower through VRS and another year to improve performance. If substantial surplus manpower reduction is not achieved, disinvest CEL through a trade sale after hiving off defence related operations.	Government has decided for offering VRS to the employees of the company.
44.	**Hindustan Steel Works Construction Ltd. (HSCL)**— Govt. should try to close down the enterprise. If it does not find it feasible to do so, the only alternative would be to continue the enterprise by meeting recurring annual cash losses of around Rs. 60—70 crores per annum, after meeting statutory liabilities of Rs. 136 crores.	Government has decided that HSCL may not be wound up instead it may be revived through a financial restructuring-cum-assistance package and funds may be provided for VRS.
45.	**State Trading Corporation (STC)**—Offer of entire GOI holding to strategic buyer, after reserving 5% share for employees who opt for VRS at a discount to the strategic buyer's price. Manpower reduction through VRS should be undertaken simultaneiously with the decision for disinvestment.	To reduce the Government share holding to 26% through strategic sale. Of the 26% equity remaining with the Government, the balance 10% to be used for issue of Employees Stock Option (ESOPs).
46.	**Mineral and Metal Trading Corporation of India Ltd. (MMTC)**—Offer of 51% equity through strategic buyer alongwith reduction in	To reduce the Government share holding to 26% through strategic sale. Of the 26% equity remaining with the Government, the

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	employee strength through implementation of suitable VRS. Offer of sale to public, when the value of the residual equity holding of Govt. increases as a result of transfer of management control.	balance 10% to be used for issue of Employees Stock Option (ESOP)
47.	**National Mineral Development Corporation Ltd. (NMDC)**—Offer of share upto 20-25% to selected JV partner in return joining hands with NHDC in the overseas venture(s). Subsequently disinvestment through offer of sale. If disinvestment of up to 20-25% to selected JV partner is not feasible, equity upto 49% should be sold in stages in domestic or international market. Govt. should retain 51% of the equity till an effective regulatory mechanism is put in place to regulate exploration and export of iron ore.	Decision deferred.
48.	**Paradeep Phosphates Ltd. (PPL)**—Disinvest not less than 51% holding through strategic sale. Later, GOI can disinvest its balance holding through public issue to realise better value for its remaining holding.	Disinvestment of 51% equity in favour of strategic partner completed.
49.	**Projects and Equipment Corporation Ltd. (PEC)**—Government could consider management-employees buyout in PEC. If it is not feasible the Govt. should offer 100% equity in the company to a strategic buyer. In the absence of investor interest in PEC, there will be no alternative to close the company.	No Decision taken.
50.	**MECON LTD. (MECON)**—Sale of a minimum of 51% alongwith an appropriate role in management to a strategic partner who has LSTK capability.	Government has decided for disinvestment of 51% equity in favour of a strategic partner.
51.	**MSTC Ltd. (MSTC)**—100% disinvestment along with MSTC's holding in FSNL.	In principle disinvestment of the Government stake in MSTC approved.
52.	**Mineral Exploration Corporation Ltd. (MECL)**—GOI to chose from three options: 1. Implement VRS, allow MECL to continue and apply for PSs 2. Sell 100% equity on as-is-where-is basis. 3. Closure.	Government has decided for implementation of VRS and allowing the MECL for continuing its operation and apply for prospective licenses.
53.	**SPONGE IRON INDIA LTD. (SIIL)**—100% disinvestment, after cleaning of Balance Sheet of the company.	Government has decided to disinvest entire shareholding in the company through sale to a strategic buyer.
54.	**Bharat Heavy Electricals Ltd. (BHEL)**—In order to enhance BHEL's funding capability in Rupee as well as foreign currency and enhance its competitiveness 10% equity may be offered to domestic financial institutions and 10%	No decision has yet been taken.

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	to foreign parties as strategic partners, with appropriate role in management to both. The Govt. may sign separate shareholder agreements with the strategic partners to ensure that, in the event of their exist from shareholding in BHEL, Government's prior consent or first refusal is taken, so that new buyer is also acceptable to Government as a strategic partner.	
55.	**Hindustan Insecticides Ltd. (HIL)**—Govt. should offer a minimum of 50% of equity to a strategic buyer along with management control to enable it to diversify its product range with new technology and rational investment.	Government has decided for disinvestment of 51% equity through strategic sale. In view of the lack of investor interest, disinvestment process could not be completed. Administrative ministry informed.
56.	**Hindustan Organic Chemicals Ltd. (HOCL)**—Introduction of VRS to reduce manpower. Disinvestment of 33% equity out of Govt. holding to a strategic buyer while retaining 26% equity with Govt.	Government has decided for Disinvestment of 32.61% equity through strategic sale.
57.	**Rashtriya Chemicals and Fertilizers Ltd. (RCFL)**—Disinvestment of 51% of Govt. held equity in favour of a strategic buyer with transfer of management control. The selection of strategic buyer should be done through global competitive bidding.	It has been decided that disinvestment in RCL will be considered after financial bidding stage is reached in NFL disinvestment.
58.	**Rashtriya Ispat Nigam Ltd. (RINL)**—The Govt. should write-off the entire accumulated losses of RINL against its entire "Share Money Pending Allotment' and "Preference Share Capital' and part of Equity Capital to keep the company from being referred to BIFR and to clean up its balance sheet. Simultaneously, the Govt. should initiate the process of disinvestment of not less than of 51% of its remaining equity holding in RINL to a strategic buyer. The selection of the strategic buyer should be done through global competitive bidding by pre-qualification of bidders.	No decision taken.

15 July, 2002]

Annexure No. 2

NAME OF THE CHEMISTS/MANUFACTURERS AGAINST WHOM ACTION HAS BEEN TAKEN BY THE LICENSING AUTHORITIES FOR SELLING NOT OF STANDARD QUALITY DRUGS INFRINGING DRUGS AND COSMETICS RULES FOR THE PERIOD 1999-2000 AND 2000-2001.

Name of State	Sl. No.	Name of Chemist	Name of Manufacturer	Action taken
KARNATAKA	1	1) Sri Kashinath, Prop. & Qualified Person of M/s Shivaleela Medical and General Stores, Bagdal Bidar Distt.	M/s Blession Chemicals and Pharmaceuticals, Vijaywada, A.P.	Prosecution launched.